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C O N F I D E N T I A L SECTION 01 OF 02 BANGKOK 001169

SIPDIS

DEPARTMENT FOR EAP, EAP/BCLTV. HQ USPACOM FOR FPA HUSO

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SUBJECT: THAILAND: THE AMBASSADOR'S MEETING WITH PM THAKSIN, FEBRUARY 14, 2005

Classified By: Ambassador Ralph L. Boyce. Reason: 1.4 (b, d)

1. (C) The Ambassador met with Prime Minister Thaksin Shinawatra at Government House on February 14, 2005. Although this meeting was billed as an official "courtesy call," the Ambassador had met with Thaksin several times since his arrival January 2 with the many high-level visits for the tsunami relief effort and other events. PM Thaksin was warm and friendly from the onset of the meeting, welcoming the Ambassador back to Thailand, and recalling how they had talked about the country's future during the Ambassador's previous assignment to the Embassy. The Ambassador congratulated Thaksin on his election landslide; Thaksin expressed his appreciation for the President's congratulatory telephone call. The PM said he looked forward to hosting former Presidents Bush and Clinton in Phuket on February 19. During discussion of the regional humanitarian aid effort staged out of Utapao, Thaksin stressed his strong support for bilateral cooperation and strengthening the special relationship that the United States and Thailand enjoy.

2. (C) The Ambassador asked Thaksin about next steps and policy initiatives now that Thai Rak Thai (TRT) is solely in control of the Lower House of Parliament. Thaksin said that the House will reconvene on March 4 and, after selecting a new Speaker, will officially choose a prime minister. The new cabinet will be in place by March 18. He said that in his second term, the economic emphasis will be more on "supply and efficiency," and refined market-oriented policies.

3. (C) On the FTA, Thaksin said that, with the election campaign now behind us, the talks could proceed. He reminded the Ambassador twice that it was he, Thaksin, who had proposed the FTA in the first place. Thaksin said he had promised the President that the FTA would be comprehensive. The Ambassador spoke about the need to educate the Thai public on the benefits that would derive from an FTA. Thaksin said that he preferred the use of the word "discussion" to "negotiation" because it carried more of an image of equals working together. (Note: Finance Minister Somkid Jatusripitak introduced this concept in the Ambassador's meeting with him two weeks ago. End Note.) Pansak Vinyaratn, one of the PM's close advisors, interjected that, while official Thai negotiators had been named, it was time now to "empower" discussions with Somkid and his team. (Note: Somkid may not retain the Finance portfolio, but seems headed for an economic management and policy oversight role. End Note.) Pansak implied that the Somkid discussions would be a parallel track with the actual primary negotiating team. Thaksin expressed interest in the shift of USTR Zoellick to State, asking whether Zoellick would retain interest in the FTA talks as Deputy Secretary if confirmed.

4. (C) Thaksin began assessed the violence in the South in familiar terms. He complained about the spread of bad Islamic theology through some pondoks (Islamic schools). He said more arrests would be made to break up the network of false teachers. He asserted an Indonesia connection, noting that some separatists traveled to Medan. At one point, Thaksin characterized the situation as "all political," in which even some members of Parliament were involved in fomenting problems. Even some candidates from his own TRT party who lost in the election, bent on revenge, could complicate matters, he said. Thaksin acknowledged that some change in his southern strategy was needed, but described it only as more of a focus on "peacekeeping." (Note: The Thaksin administration is continuing plans to beef up the number of military troops in the deep South, claiming that their primary responsibilities will be civic affairs. End Note.)

5. (C) The Ambassador raised the Ford case and Thaksin said it had some legal ramifications. Pansak interjected that the Thai government was trying to make accommodations and come to an agreement. He said that the emphasis was on forging a settlement and not prosecuting Ford. However, since Ford had acted on bad legal and tax advice and done something wrong, a solution that takes into account those actions was necessary. However, a lower fine would be possible, he said.

6. (C) The Ambassador also brought up the Thai fighter

aircraft purchase, called for transparency in the decision, and spoke about the capabilities of the F-16, which is already in Thailand's inventory. Thaksin said the priority is not so much on the aircraft itself as a policy to "expedite exports." This led to a brief discussion of chickens and countertrade. The Ambassador argued that interoperability, military capabilities, and long-term costs should be primary considerations, but Thaksin stayed with his emphasis on the importance of export implications.

17. (C) On another advocacy issue the Ambassador raised, the Engine Alliance (Pratt & Whitney and GE) interest in supplying engines for the new Thai Airbus purchase, Thaksin seemed confused on the facts of the bid. He assumed that Pratt & Whitney was somehow out of the picture, and spoke of a possible teaming up of GE and Rolls Royce (the key rival).

18. (C) The Ambassador raised the matter of a follow-on Thai military contingent in Iraq, noting that we looked forward to a positive decision on that issue. Thaksin indicated only that it was still under consideration.
BOYCE